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CANADIAN IMPERIAL
BANK OF COMMERCE

Annual Report 1976



Sur simple demande, nous nous ferons
un plaisir de vous faire parvenir la
version française du présent rapport.



Highlights of the Year

For the year	1976	1975
Revenues	\$ 2,207,728,441	\$ 1,879,295,296
Expenses	\$ 1,933,829,993	\$ 1,616,852,436
Balance of revenue	\$ 273,898,448	\$ 262,442,860
Income taxes	\$ 128,000,000	\$ 128,500,000
Balance of revenue after taxes	\$ 145,898,448	\$ 133,942,860
Appropriation for losses	\$ 35,000,000	\$ 40,000,000
Balance of profits	\$ 110,898,448	\$ 93,942,860
Dividends	\$ 44,595,200	\$ 41,111,200
Per share		
Balance of revenue after taxes	\$4.19	\$3.84
Balance of profits	\$3.18	\$2.70
Dividends	\$1.28	\$1.18
Year-end		
Assets	\$26,104,042,869	\$22,259,053,229
Deposits	\$23,867,586,969	\$20,146,033,760
Accumulated appropriations for losses	\$ 301,362,718	\$ 256,825,124
Total capital funds	\$ 864,501,994	\$ 748,198,746
Shareholders' equity	\$ 639,501,994	\$ 573,198,746
Number of shareholders	29,753	30,842
Number of employees	32,784	29,979
Number of branches	1,784	1,744

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On the retirement of

MR. J. PAGE R. WADSWORTH

as Chairman of the Board and Chief Executive Officer, the Directors wish to acknowledge the contribution made by him to the growth and welfare of the Bank in a career extending over 48 years.

Mr. Wadsworth entered the service of the Standard Bank of Canada at Port Credit, Ontario on October 1, 1928, prior to its being merged with The Canadian Bank of Commerce. After serving in a number of branches in Ontario in positions of increasing responsibility, he was appointed Superintendent of Alberta branches in 1950 and Assistant General Manager in 1953. Appointed General Manager of The Canadian Bank of Commerce in 1957, he also became a Director in that year and, following amalgamation with Imperial Bank of Canada in 1961, he held the position of Vice-President and General Manager. He became President in 1963, Vice-Chairman in 1964, Deputy Chairman in 1970 and, in 1971, he assumed the responsibilities of Chief Executive Officer as well as Deputy Chairman and President. He was elected Chairman and Chief Executive Officer in December, 1973.

Throughout his long career Mr. Wadsworth has devoted himself unsparingly to the interests of the Bank, and his broad knowledge and experience, sound judgement and unfailing human understanding have enabled him to make a most significant contribution to the development of the Bank.

In expressing their gratitude for the valuable services he has rendered to the Bank, the Directors extend to Mr. Wadsworth all good wishes for health and happiness and record their pleasure that his advice and counsel will continue to be available in the deliberations of the Board.

Text of a tribute unanimously adopted
by the Board of Directors of
Canadian Imperial Bank of Commerce
on December 14, 1976.

Election of Officers

At a meeting of the Board of Directors following the Annual General Meeting of Shareholders, held on December 14, 1976, the following officers were elected:

Russell E. Harrison, *Chairman and Chief Executive Officer*

R. Donald Fullerton, *President and Chief Operating Officer*

Mr. Harrison was educated at the University of Manitoba and joined the Commerce in 1945 after military service in Europe. He assumed responsibility for the Bank's operations in Quebec in 1956 and was appointed Executive Vice-President and Chief General Manager in 1969. He was elected a Director in 1970 and President and Chief Operating Officer in 1973. He is a director of a number of Canadian companies and a director of several national and local community organizations.

Mr. Fullerton was graduated from the University of Toronto and studied at Harvard University. He began his banking career at Head Office in 1953. He was appointed Regional General Manager, Saskatchewan in 1965; took over responsibility for International operations in 1967; Deputy Chief General Manager in 1968, and Executive Vice-President and Chief General Manager in December 1973. He was elected a director of the Bank in 1974. He is a director of several Canadian companies and a Vice-President of the Canadian Bankers' Association.

Directors

Chairman and Chief Executive Officer

****RUSSELL E. HARRISON**

President and Chief Operating Officer

***R. DONALD FULLERTON**

Board Vice-Presidents

***H. J. LANG, P.Eng.**

Chairman and Chief Executive Officer, Canron Limited, Montreal

***J. D. LEITCH**

President, Upper Lakes Shipping Ltd., Toronto

***JOHN A. McDOUGALD**

Chairman and President, Argus Corporation Limited, Toronto

***W. F. McLEAN**

President, Canada Packers Limited, Toronto

***ANDRÉ MONAST, Q.C.**

Partner, St-Laurent, Monast, Walters & Vallières, Quebec

***GEORGE T. RICHARDSON, B.Com., LL.D.**

President, James Richardson & Sons, Limited, Winnipeg

***J. E. RICHARDSON, LL.B.**

Chairman, MacMillan Bloedel Limited, Vancouver

AUBREY W. BAILLIE

Chairman, Bowes Company Limited, Toronto

SIR DAVID BARRAN

Director, The Shell Transport and Trading Company, Limited, London, England

J. C. BARROW

Chairman and Chief Executive Officer, Simpsons-Sears Limited, Toronto

EDMUND C. BOVEY

Chairman, Norcen Energy Resources Limited, Toronto

EDGAR G. BURTON

President, Simpsons, Limited, Toronto

***MARSH A. COOPER, D.Sc., P.Eng.**

President and Managing Director, Falconbridge Nickel Mines Limited, Toronto

RALPH W. COOPER

Chairman, Cooper Construction Company Limited, Hamilton

E. H. CRAWFORD

President, The Canada Life Assurance Company, Toronto

R. FRASER ELLIOTT, Q.C., B.Com., M.B.A.

Senior Partner, Stikeman, Elliott, Roberts & Bowman, Toronto

ALBERT L. FAIRLEY, JR., B.Sc.

President and Chief Executive Officer, Hollinger Mines Limited, Birmingham, Ala.

BERTRAND GERSTEIN

Chairman of the Board, Peoples Jewellers Limited, Toronto

***L. G. GREENWOOD**

Chairman and President, The Dominion Realty Company, Limited, Toronto

HUGH G. HALLWARD

President, Argo Construction Ltd., Montreal

A. D. HAMILTON

President and Chief Executive Officer, Domtar Limited, Montreal

W. M. HATCH

President, McLarens Foods Limited, Toronto

***SYDNEY M. HERMANT**

President, Imperial Optical Company Ltd., Toronto

EDGAR L. HICKMAN

Chairman, A. E. Hickman Company, Limited, St. John's, Nfld.

F. MARGUERITE HILL, M.A., M.D., F.R.C.P.(C)

Physician-in-Chief, Women's College Hospital, Toronto

HARRY HOLE, P.Eng.

Vice-President and General Manager, Lockerbie and Hole Western Limited, Edmonton

G. R. HUNTER, M.B.E., Q.C., LL.B.

Partner, Pitblado & Hoskin, Winnipeg

M. E. JONES, Q.C., LL.B.

Senior Partner, Jones, Black & Company, Calgary

***JAMES W. KERR**

Chairman and Chief Executive Officer, TransCanada PipeLines, Toronto

OLIVIER LECERF

Chairman and Chief Executive Officer, Lafarge S.A., Paris, France

***A. J. MacINTOSH, Q.C., LL.B.**

Partner, Blake, Cassels & Graydon, Toronto

***M. W. MACKENZIE, O.C., C.M.G., LL.D., C.A.**

Director, International Multifoods Corporation, Ottawa

SENATOR, HON. ERNEST C. MANNING, P.C., C.C., LL.D.

President, M. & M. Systems Research Ltd., Edmonton

THOMAS H. McCLELLAND, B.Sc., P.Eng.

Chairman of the Board, Placer Development Limited, Vancouver

***J. H. MOORE, F.C.A.**

Chairman, Brascan Limited, London

PHILIP W. OLAND, O.C., C.D., B.Sc., LL.D.

President, Moosehead Breweries Limited, Saint John, N.B.

*JEAN P. W. OSTIGUY

*President and Chief Executive Officer,
Crang & Ostiguy Inc., Montreal*

*ALFRED POWIS

*President and Chief Executive Officer,
Noranda Mines Limited, Toronto*

CONRAD S. RILEY

*President, Dominion Tanners Limited,
Winnipeg*

HON. JOHN P. ROBERTS,

P.C., C.C., Q.C., LL.D., D.C.L.

*Partner, Stikeman, Elliott, Roberts & Bowman,
Toronto*

ROBERT G. ROGERS

*Chairman of the Board
and Chief Executive Officer,
Crown Zellerbach Canada Limited, Vancouver*

*ROBERT C. SCRIVENER

*Chairman and Chief Executive Officer,
Northern Telecom Limited, Montreal*

*J. HERBERT SMITH, D.Sc.

*Director, Sun Life Assurance Company
of Canada, Toronto*

*A. A. THORNBROUGH, M.A., B.Sc.

President, Massey-Ferguson Limited, Toronto

*J. PAGE R. WADSWORTH

*Director and Vice-President,
Confederation Life Insurance Company,
Toronto*

DR. CATHERINE WALLACE, O.C.

*Chairman, Maritime Provinces
Higher Education Commission, Fredericton*

*WALTER G. WARD

*Chairman and Chief Executive Officer,
Canadian General Electric Company Limited,
Toronto*

*Member of Executive Committee

**Chairman of Executive Committee

International Advisory Council

Barbados:

JOHN S. GODDARD

*Chairman,
J. N. Goddard & Sons Limited, Bridgetown*

Belgium:

BARON HUBERT J. N. ANSIAUX

*Honorary Governor,
Banque Nationale de Belgique, Brussels*

France:

COUNT PIERRE CELIER

*Chairman, SACILOR
President, Marine Wendel, Paris*

Federal Republic of Germany:

DR. HERBERT GRUENEWALD

*Chairman of the Managing Board,
Bayer AG, Leverkusen*

Italy:

DR. GUIDO CARLI

President, Confindustria, Rome

Japan:

K. KOBAYASHI

*Chairman of the Board and Chief Executive
Officer, Nippon Electric Co., Ltd., Tokyo*

Netherlands:

DR. HAN HOOG

*Chairman,
Energy Research Centre Netherlands,
The Hague*

Sweden:

HANS WERTHEN

Chairman, AB Electrolux, Stockholm

United Kingdom:

THE RT. HON. LORD McFADZEAN

*Honorary President,
British Insulated Callender's Cables Limited,
London*

SIDNEY SPIRO

*Executive Director,
Anglo American Corporation of South Africa
Limited, London*

United States:

J. ROBERT FLUOR

*Chairman and Chief Executive Officer,
Fluor Corporation, Los Angeles*

HAROLD A. SHAUB

*President,
Campbell Soup Company,
Camden*

Canada:

THOMAS J. BATA

President, Bata Limited, Toronto

JACK P. GALLAGHER

*Chairman and Chief Executive,
Dome Petroleum Limited, Calgary*

Directors Emeritus

HENRY BORDEN,

O.C., C.M.G., Q.C., LL.D., D.C.L., Toronto

HON. JOHN V. CLYNE, Vancouver

W. M. CURRIE, Vancouver

IAN D. DAVIDSON, C.B.E., Cuernavaca, Mexico

NELSON M. DAVIS, Toronto

M. A. EAST, Saskatoon

GORDON FARRELL, Vancouver

P. M. FOX, D.C.L., D.Sc.F., Paget, Bermuda

ELIOT S. FROSST, Montreal

E. C. GILL, LL.D., F.S.A., Toronto

REED O. HUNT, Gig Harbor, Washington

W. F. JAMES, Ph.D., Toronto

W. S. M. MacTIER, M.C., Montreal

H. L. McCULLOCH, B.A.Sc., Cambridge

THE RT. HON. LORD McFADZEAN,
London, England

GEORGE H. McIVOR, C.M.G., Calgary

ALLEN A. McMARTIN,

Tucker's Town, Bermuda

TREVOR F. MOORE, Toronto

MAJ.-GEN. HON. E. C. PLOW,
C.B.E., D.S.O., C.D., D.C.L., Brockville

RHYS M. SALE, LL.D., D.Sc., Oakville

J. D. SIMPSON, Vancouver

JAMES STEWART, C.B.E., LL.D., Toronto

H. M. TURNER, Toronto

S. M. WEDD, Toronto

Chairman and Chief Executive Officer
RUSSELL E. HARRISON

President and Chief Operating Officer
R. DONALD FULLERTON

*Deposit Business, Marketing
& Customer Services*
DAVID A. LEWIS
Senior Vice-President

Domestic Regions
C. NORMAN PHIPPS
Senior Vice-President
JOHN A. C. HILLIKER
Senior Vice-President

Human Resources and Administration
E. STANLEY DUFFIELD
Senior Vice-President

Information and Operating Systems
DEREK G. KEAVENEY
Senior Vice-President

International Banking
JAMES G. BICKFORD
Senior Vice-President

Loans and Investments
CHARLES M. LAIDLEY
Senior Vice-President

Real Estate
LAWRENCE G. GREENWOOD
*Chairman and President,
The Dominion Realty Company, Limited*

Vice-Presidents and Regional General Managers

ATLANTIC	J. D. SIMPSON	HALIFAX
QUEBEC	GORDON H. LENNARD	MONTREAL
	<i>(Senior Vice-President)</i>	
MONTREAL REGION.	M. J. M. CASAVANT	MONTREAL
QUEBEC REGION	P. F. LEGER	MONTREAL
ONTARIO CENTRAL	R. J. BISSET	TORONTO
ONTARIO CENTRAL EAST	W. F. SPENCE	TORONTO
ONTARIO CENTRAL WEST.	R. G. RUSSELL	TORONTO
ONTARIO TORONTO CITY	J. D. HAZELTON	TORONTO
MAIN BRANCH—COMMERCE COURT	F. E. K. UDELL	TORONTO
	<i>(Vice-President and Manager)</i>	
ONTARIO EAST AND NORTH	C. J. SHIRLEY	OTTAWA
ONTARIO HAMILTON-NIAGARA	J. BILSLAND.	HAMILTON
ONTARIO SOUTH-WEST	W. H. ARMSTRONG	LONDON
MANITOBA	J. D. HAIG.	WINNIPEG
SASKATCHEWAN	J. B. ROGAN.	REGINA
ALBERTA AND NORTHWEST TERRITORIES	F. S. DUNCANSON	CALGARY
BRITISH COLUMBIA AND YUKON TERRITORY	GORDON T. ORMSTON	VANCOUVER
	<i>(Senior Vice-President and Regional General Manager)</i>	
	G. W. LEWIS	VANCOUVER
	<i>(Vice-President)</i>	
EUROPE	D. J. GRIFFITHS.	LONDON, ENG.
	<i>(Vice-President)</i>	

Vice-Presidents—Head Office

B. W. BLANDFORD <i>Project Financing</i>	C. W. COLE <i>Investments</i>	P. J. COTTON <i>Personnel</i>	K. H. CUTT <i>Information and Operating Systems</i>
J. F. DIXON <i>Marketing</i>	O. DUSKES <i>Premises</i>	B. V. GESTRIN <i>Economics</i>	R. J. KELLY <i>Systems Development and Processing</i>
N. E. LANE <i>Investments</i>	J. C. LOFQUIST <i>Consumer Finance</i>	R. A. McELWAIN <i>Inspection</i>	J. R. McSHERRY <i>Credit</i>
H. G. MILLS <i>Credit</i>	J. P. MORETON <i>Business Development</i>	A. W. MOYSEY <i>International</i>	V. R. B. NORDHEIMER <i>(on special assignment)</i>
	E. L. PURSEY <i>Accounts and Control</i>	G. WHITTON <i>Systems Planning</i>	

Corporate Secretary

G. W. RADFORD

Director of Public Relations

G. B. SOTEROFF

Chief Accountant

J. P. THOMPSON

Assistant General Managers—Head Office

J. C. ARMSTRONG <i>Credit</i>	F. D. A. BOAL <i>Corporate Planning</i>	A. D. BROOMFIELD <i>International</i>
N. EAKINS <i>Marketing</i>	T. V. GRINDLEY <i>Project Financing</i>	I. R. HARRISON <i>International</i>
R. F. HENTHORN <i>Credit</i>	L. D. HIVON <i>Credit</i>	P. M. HOWARD <i>International</i>
R. V. KEITH <i>Systems</i>	C. E. LANGSTON <i>International</i>	J. R. LOEWEN <i>Corporate Services</i>
M. A. MACINTYRE <i>Credit</i>	J. W. S. MARTIN <i>Head Office Services</i>	W. J. MIZEN <i>Credit</i>
E. J. MORRIS <i>Credit</i>	R. B. PRATT <i>Credit</i>	M. RYLES <i>Systems</i>
P. D. SACKS <i>Investments</i>	J. B. THOMPSON <i>Systems</i>	J. R. WARD <i>Systems</i>
R. J. WHITE <i>Systems</i>	J. E. WIGHTMAN <i>Consumer Loans</i>	J. A. M. WILLIAMSON <i>Credit</i>
	R. F. WOODWARD <i>Chargex</i>	

Assistant General Managers—Regional Offices

J. B. Y. R. BELANGER <i>Quebec</i>	R. N. BRADY <i>Ontario Toronto City</i>	F. M. BRECHT <i>Ontario Central East</i>
B. G. COMBER <i>London, England</i>	R. L. DE CELLES <i>Ontario East & North</i>	G. P. DIXON <i>Ontario</i>
R. E. HANSPLANT <i>Ontario Hamilton-Niagara</i>	H. M. LANE <i>British Columbia and Yukon Territory</i>	D. A. LOEWEN <i>Atlantic</i>
F. A. LUSSIER <i>British Columbia and Yukon Territory</i>	P. H. D. MCCARTHY <i>Montreal</i>	P. H. NICKELS <i>London, England</i>
K. M. SHARP <i>Ontario Central West</i>	G. K. SHERMAN <i>Alberta and Northwest Territories</i>	D. W. STEPHENSON <i>Ontario South-West</i>
W. E. TANNAHILL <i>Saskatchewan</i>	O. J. WIENS <i>Manitoba</i>	L. S. C. WILSON <i>Ontario Central</i>



RUSSELL E. HARRISON
Chairman and Chief Executive Officer

Report from Executive Management

Economic Background

Canada's economic performance in the fiscal year 1975-1976 was uneventful and far from buoyant. The economic recovery which began around mid-1975 continued, but most of the growth occurred in the first quarter of 1976 and the general level of economic activity for the remainder of the year was relatively sluggish. Inflation remained a major problem.

Canadian fiscal and monetary policies became somewhat more restrictive as the year progressed, reflecting the government's concern about the rate of inflation. The growth in spending by Federal and Provincial governments moderated and monetary policy was focused on slowing the rate of increase in the money supply as narrowly defined (notes in circulation and demand deposits). However, the more broadly-defined monetary aggregates continued to expand at relatively high rates throughout most of the fiscal year and loan demand remained strong. The trend in the mix of deposits in the banking system so apparent in recent years—growth in the higher cost deposits significantly exceeding the growth in the lower cost deposits such as current accounts—continued throughout 1976.

The level of both long and short-term interest rates changed very little in contrast to the sharp rate movements of the previous two years. Compared to the situation a year ago, there was a significant narrowing of the spread between interest earned on loans and interest paid on deposits. This was attributable, in part, to the influence of the Anti-Inflation Program.

The Anti-Inflation Program restrictions, however, did not apply to the Bank's international business which is governed by more normal competitive forces. The international banking environment was reasonably favourable, particularly in the areas of Euro-currency lending and foreign currency exchange.

The overall result was that there was significant growth in the Bank's Canadian assets but a decline in

profit margins from the above-average levels of late 1975 while the results of international operations were generally satisfactory.

Operating Results

Assets rose 17% or almost \$4 billion to a record \$26 billion. This growth was concentrated in two asset accounts: "Cash and due from banks," which increased by \$702 million, and "other loans, including mortgages," which increased by \$2.7 billion or 20% to \$16 billion. Total deposits increased 18% to almost \$24 billion. Shareholders' equity, debentures and reserves total almost \$1.2 billion, an increase of \$161 million or 16% from a year ago.

Total revenue was \$2.2 billion or 17% higher than the previous year—passing the \$2 billion mark for the first time. The gain was attributable to the increase in the level of assets and to a higher volume of banking transactions. Total expenses rose by 20%, with the increases evenly distributed between the various expense categories.

Net loan loss provision was \$49 million, of which \$46 million was charged to operating expenses and the residual to accumulated appropriations for losses. The Bank's losses, as a percentage of loans, have remained level for the past three years.

Balance of revenue was \$274 million before taxes and \$146 million after income taxes— an increase of \$12 million or 9% from 1975. Dividends paid during the year amounted to \$1.28 per share, compared with \$1.18 per share for 1975.

Profits in Perspective

Last year, the division in profits between the Bank's international and domestic business was recorded in the Annual Report for the first time in order to show the increasing importance of the Bank's international

operations. Subsequently, the Bank submitted a brief to the Royal Commission on Corporate Concentration, by which time a more detailed analysis of the relative contributions of international and domestic business to the Bank's earnings had been completed. The analysis clearly established that the growth in profits from domestic business between 1970 and 1975 was attributable to the growth in the volume of business and not to increased profit margins; in fact, the return on assets in 1975 was marginally less than the average of the previous five years.

Domestic Business

Balance of Revenue

	Before Taxes		After Taxes	
	millions of dollars	% Return on Assets	millions of dollars	% Return on Assets
1970	129	1.71	61	.81
1971	118	1.37	59	.68
1972	144	1.41	77	.75
1973	169	1.44	87	.74
1974	187	1.37	93	.68
1975	219	1.38	113	.71
1976	217	1.18	118	.64

During 1976, earnings on the Bank's domestic business were restricted by the Anti-Inflation Board regulations which limited profit margins to 85% of the average of the years 1970 to 1974, set maximum interest rate spreads and prohibited increases in the prices of most bank services. Simultaneously, operating costs, fuelled largely by inflation, continued to increase at a record pace. As a result, balance of revenue before taxes on domestic business declined because of reduced profit margins.

Adequate profits are essential to the stability of any business but are particularly vital to a bank. In an inflationary period, assets and deposit liabilities tend to grow rapidly and increased capital must be generated in line with the increased deposit liabilities. In the

past year, through retained earnings and an additional \$50 million of debentures, the Bank was able to ensure that capital funds and accumulated appropriations for losses increased at rates very close to the rate of increase in total assets.

The Bank's views on the true nature of profits in banking, and on the question of the adequacy of capital, were presented to the Royal Commission on Corporate Concentration. Particular stress was placed on the need to differentiate between profits as such and profit margins—the margin in banking being governed to a major extent by the spread between the rates of interest paid on deposits and rates of interest received on loans.

International Operations

The Bank's international business is not subject to anti-inflation controls. Profits increased primarily because of increased volume, with profit margins remaining relatively stable during the year.

International Business

Balance of Revenue

	Before Taxes		After Taxes	
	millions of dollars	% Return on Assets	millions of dollars	% Return on Assets
1970	8	.35	4	.19
1971	4	.17	2	.08
1972	11	.46	5	.24
1973	12	.46	6	.23
1974	19	.49	8	.22
1975	43	.90	21	.44
1976	56	.94	28	.46

Earnings from international business continued to be increasingly important, rising from \$21 million to \$28 million.

The Commerce now has a physical presence in 24 foreign countries through 94 branch offices, 15 representative offices, six trust companies and two agencies. In addition, there are participations in a number of joint ventures with other major, international financial institutions. The Bank is involved in a significant way in the provision of capital for trade, industrial and infrastructure projects in both the private and public sectors. It is noteworthy that the Bank is able to serve foreign borrowers and Canadian clients abroad without imposing demands on Canada's financial resources.

In the past year, a Representative Office and a wholly-owned Netherlands subsidiary were established in Amsterdam. Canadian Imperial Bank of Commerce (International) S.A. was incorporated in France, augmenting the Paris branch's operations. Offices or subsidiaries were opened or organized in Singapore, Hong Kong, Bahrain, Iran and Mexico City. Operations in Jamaica were incorporated locally as Bank of Commerce Jamaica Limited and plans for a similar local incorporation of the Trinidad and Tobago operations are underway.

California Canadian Bank, a wholly-owned subsidiary, opened two offices and now has 24 branches serving the state. Next year, one new Commerce branch will be opened in Oregon in addition to the three already there—two of which opened this past year.

No country in the western world is as dependent on international trade as Canada. This ever-growing emphasis on trade has necessitated a number of changes and developments within the Bank. For example, a continuous flow and interpretation of information is of vital importance. Besides drawing on representatives and other sources around the world, the staff of the Economic Division at Head Office continually gathers and analyzes information relating to all countries where the Bank has a business exposure.

While continuing to expand its international business, the Bank is fully aware of unstable economic and

political conditions in many parts of the world and will continue to emphasize quality and balance in the international loan portfolio. It is the quality of assets and the overall policy and sound management by which a bank's international reputation is judged. The reputation of the Commerce ranks with the very highest and, in the future, every step will be taken to see that this high degree of respect and reputation is maintained.

Domestic Operations

In Canada, the steady expansion of the Bank's branch system continued through the year, with 39 new branches opening. At year end, there were 1,693 units, still the largest Bank service network in Canada by a wide margin.

The Commerce remained one of the country's major lenders of residential mortgage funds, either directly or through its affiliate, Kinross Mortgage Corporation. In 1975, more than \$1 billion was committed to mortgage loans and this year's total was slightly under that record. To encourage new construction, the lending rate for new housing was fractionally lower than for existing housing. Coupled with other market forces, this emphasis resulted in 50% of the Bank's commitments being taken up to finance new housing, a higher percentage than in the previous year.

As a leader in the provision of various forms of consumer credit, the Bank places great emphasis on a responsible approach. Branch personnel are trained to assess risks with the protection of the potential borrower's interest in mind, as well as the Bank's. Fairness, confidentiality and the provision of full information are all fundamental to standard practice. Commerce Chargex continues to develop satisfactorily as does the world-wide system of which it is a part. The international character of the card is now



R. DONALD FULLERTON
President and Chief Operating Officer

being enhanced by the adoption of a common name, "Visa", which will appear on the card to further strengthen acceptance, particularly abroad.

In the domestic business sector, the growth in loans was relatively high throughout the full year. Inventory investment was substantial early in the year. Spending on plant and equipment declined and this was reflected in somewhat lower lending activity in that category. The Bank's Project Financing Group was extremely active, particularly in planning and arranging for the financing of massive frontier energy resource developments. Considerable expansion of this Group's activity in the year ahead is anticipated.

Among the notable accomplishments of the past year were the successful introduction of the Commerce Senior Key Account service package for customers 60 and over, the extension of the 24-Hour Cash dispenser system to seven additional cities, and the broadening of the scope and application of electronic data processing systems. Because of the expanding role of electronic data processing in the Bank, the Methods and Organization Division has been incorporated into a reorganized and enlarged Information and Operating Systems Division.

The Bank's growth over recent years had resulted in some of the Bank's regional offices having too many branches under their supervision for efficient management. In the past year, the number of regional offices has been increased to ensure improved service to customers. For example, the number of regional offices in Ontario were increased from four to eight—each headed by a Vice-President with staff support groups. New regional offices were opened in London, Hamilton and Ottawa. Similar reorganizational moves are now under way in the Province of Quebec and plans are well advanced in some other provinces.

Corporate Relations

In its White Paper on the Revision of Canadian Banking legislation, published last August the government indicated the direction it proposes to take in legislation to be enacted in 1977. While supporting the basic theme of the White Paper—particularly the emphasis on open and fair competition—the Bank has expressed reservations and concern about a number of the government's proposals.

The government suggests replacing the present clearing process with a government-sponsored Canadian Payments Association which would include trust companies and credit unions, as well as banks. The Commerce has no objection—as long as each participant shares equitably the obligations as well as the rights. The present system was created by the chartered banks and, while it serves the other institutions well, it continues to be operated by the banks. One of the most efficient clearing systems in the world, it is highly automated, fast, and errors are kept to a minimum. Will the proposed new system be better? Will it take into account the central role the chartered banks play now, and must continue to play? We are anxious to discuss the matter fully with the government.

While aiming at uniformity of banking supervision in Canada, the White Paper fails to clarify the approach to the various types of institutions which make up the banking and near-banking community and the institutions disagree as to what constitutes uniform and equitable supervision.

The Bank has expressed concern about the possible future role of government in banking and various proposals relating to bank powers and regulations. Generally, there is no valid reason for governments to own and control banking institutions, even in their formative stages. Political factors may well affect credit judgment, create conflicts of interest, infringe on privacy and possibly create difficulties with respect to the management of monetary policy. While the White Paper proposes some justified extensions of bank

operations, such as leasing and factoring, there are undesirable restrictions in some areas. The final form of the legislation will be extremely important because it will constitute the rules under which the Bank must operate over the next 10 years.

With regard to foreign banking in Canada, there is general agreement that federal banking legislation should encompass the many subsidiaries of foreign banks doing business in Canada but there are different opinions as to how far such controls should go. For example, it appears that foreign bank subsidiaries which make loans or accept deposits, but not both, will be able to conduct Canadian business without incorporation under the Bank Act. Because of the great amount of foreign investment in Canada, it is possible that foreign-controlled companies will place their business with subsidiaries of foreign banks with which their parent firms deal. This could have a major, as yet incalculable effect, not just on major, business-oriented banks like the Commerce, but on the interests of the Bank's customers and the public generally.

There is no convincing evidence in either the White Paper or a recent Economic Council study to show that the benefits of bringing foreign banks under the proposed regulations will exceed the costs. Canada has perhaps the best banking system in the world, providing a high level of service across the country including smaller and remote communities. It is difficult to see how opening up the system to foreign participants would either improve on this situation or give Canadians a higher standard of banking services than they have now.

Undoubtedly, the government will want to consider in depth the implications for Canadian monetary policy of a major foreign presence in the banking system. In the past, monetary policy has been implemented through a highly responsive and responsible chartered

bank network. Would the Bank of Canada's moral suasion—hitherto successful—work equally well if a large number of foreign banks become a major factor in the Canadian financial scene? Would the economy become more vulnerable to international influence and, indirectly, to the actions of the central banks of other countries?

To the extent that foreign banks are given access to the Canadian market, the government should insist on a reciprocal basis for Canadian banks in the home countries of those institutions. It has been suggested that the government give a great deal of thought to the effects expanded activity by foreign banks would have, particularly on smaller Canadian banks and the new banks established recently. Given the right conditions, there will probably be more in the future—but will the new Bank Act, as envisioned in the White Paper proposals, foster the right conditions?

There is much concern among deposit-taking institutions about the proposed Borrowers and Depositors Protection Act sponsored by the Department of Consumer and Corporate Affairs. If the government had first sought the views of banks and other affected institutions, it might well have produced a bill that would not have required such extensive amendments as will be necessary. There is particular concern over involving another government department, besides the Department of Finance and the Bank of Canada, in the supervision of banking. At best, this will mean duplication of effort; at worst, conflict and confusion.

One factor which could affect the Bank's operations in a major way in future years is the government's attitude towards corporate size. Reference was made to the Royal Commission on Corporate Concentration in last year's Annual Report and stress was placed on the importance of business organizations making their views known.

As indicated earlier, the Bank has made a submission to the Commission, in which the view was advanced that the size, scope and stature of Canada's large

banks are of great advantage to Canada and Canadians and that these factors will be of increasing importance if Canada is to compete effectively in a complex and changing international market place. Better consultation between government and business, the exchange of information, and the explicit communication of goals, will probably prove far more effective than excessive government regulation.

Corporate Social Responsibility

The great advances that have taken place in recent years have not been confined to the economic sector. Tremendous changes have also taken place in the cultural field. The Bank has been playing an active part in cultural development including, for example, underwriting the National Competitive Festival of Music, since its inception in 1972. The scholarships provided by the Bank are used to further the musical endeavours of these very talented young performers.

In acknowledging a growing responsibility in the area of what is commonly referred to as "corporate social responsibility," the Board of Directors formed a Corporate Social Responsibility Committee to conduct a thorough review and report on an appropriate role for the Bank in the light of current and anticipated conditions. The Committee's report has been received and adopted by the Board. The policy statement, which is a keynote portion of the report, is as follows:

"The Bank will react positively and responsibly to legitimate human needs and contribute its fair share, financially and otherwise, to the improvement of the total environment of the communities it serves, with particular attention to social, economic and cultural needs."

It is essential that both corporations and individuals acknowledge the need to be continuously conscious of social responsibility. The business world has a

responsibility to study and review its policies and, equally, to encourage employees to play their part in their respective communities. The Bank is committed to this course of action.

Regulatory Environment

The controls and restrictions imposed on profits by the Anti-Inflation Program discourage capital expenditure and, eventually, there may be shortages and bottlenecks as the current upturn proceeds. So far, Canada's recovery has been relatively moderate and there is still a fair margin of unused capacity but this will change with time. There is the risk of simply trading less inflation now for more later on.

Hopefully, the government will remove controls on the private sector well before the three-year termination originally proposed. The disciplines of the market system should be able to keep wages and prices in line but, the longer the delay, the greater the subsequent adjustment. As for the public sector, it is apparent that as a basic part of the philosophy of government, it will be necessary to maintain some form of discipline over rising costs of all kinds and over excessive growth of the public service.

Other unfavourable influences affecting investment include rising costs and reduced self-sufficiency in the energy field and control of investment under the Foreign Investment Review Act. As well, the federal-provincial relationship is a cause of some economic difficulties and uncertainties.

The varying attitudes of provincial authorities to resource development—a provincial responsibility—creates uncertainty. The recent Quebec election has dramatized and highlighted disagreements already existing between provincial governments and the federal government.

Obviously, the divisions in this country will not be overcome by economic means alone—but, without prosperity and equitable sharing of growth, it may be impossible to deal with the less tangible factors

involved in social and political issues, including the question of national unity. Governments, federal and provincial, could be doing a better job of reconciling national interests.

It is encouraging to note that the government's recent working paper, "The Way Ahead," outlining some principles and strategies behind government policy in the future, stresses "continued and reinforced reliance on the market economy" and rejects "rapid increases in government expenditure and the size of bureaucracies". This is based on the recognition that "governments can become too pervasive and oppressive actors in the daily lives of Canadians." There is also some emphasis on the need to improve productivity and to keep unit costs of Canadian production in line with those of our foreign competitors. Great stress is laid on "fostering a climate in which Canadians and others will invest with confidence in the future of this country" and on the necessity to increase our rates of saving.

A fundamental change in federal government policy should probably not be expected, but it is encouraging that government apparently recognizes some of the problems arising out of excessive government intervention in pursuit of social goals. It is to be hoped that governments will pay more attention in future to productivity increasing activities instead of purely redistributive programs.

Individuals, unions, business firms and governments must show considerable financial self-discipline if the country is to avoid excessive inflation and serious economic dislocations in future. All levels of government will have to avoid committing themselves to expenditure goals that lead either to recurring deficits or that demand a tax structure even more punitive and destructive of initiative and enterprise than the present one.

Governments at all levels would be well advised to encourage individuals and business firms to increase productivity. In the business area, appropriate incentives should be provided for plant modernization and expansion and for the rationalizing of production in ways which would make Canada more competitive at the international level. At the individual level, ensuring that there will be an adequate future supply of trained men and women must surely be one of the most important ways of improving productive performance.

Personnel

The Bank continues to provide its personnel with opportunities to improve their qualifications and to expand their knowledge and experience. During 1976, the Bank's personnel took nearly 27,000 courses at Regional Office and Head Office Training Centres and 3,000 officers and staff were enrolled in university courses organized by the Institute of Canadian Bankers. Another 600 completed management studies at the Bank's Staff College in Toronto.

Increasingly important responsibilities are being assumed by women in the Bank. For example, more than 120 women are now serving as branch and department managers and a total of 2,431 women are appointed officers.

Despite economic conditions, in spite of intense competition and in spite of numerous circumstances which might have provided excuses for a decline in accomplishment, the Bank's employees can all be proud of the results which they have achieved. Banking, like many industries, continues to become more complex and demanding every year. New services are introduced, more regulatory bodies must be satisfied and new technology continues to produce and accelerate change. The manager and staff of each branch within the system and those officers and employees who labour behind the scenes in Regional and Head Offices have responded to these challenges in a highly professional manner. Their dedication and commitment is recognized and appreciated.

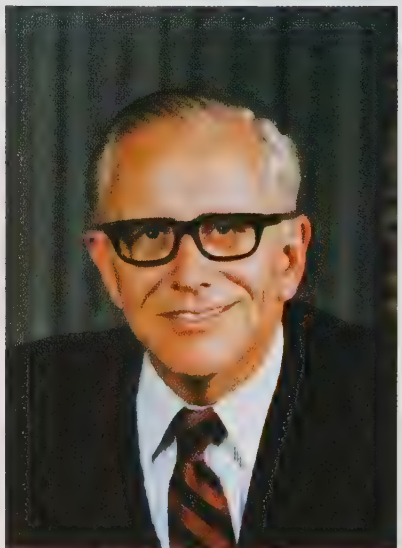
Senior Executive Officers



DAVID A. LEWIS
Senior Vice-President,
DEPOSIT BUSINESS, MARKETING
& CUSTOMER SERVICES



C. NORMAN PHIPPS
Senior Vice-President,
DOMESTIC REGIONS



JAMES G. BICKFORD
Senior Vice-President,
INTERNATIONAL BANKING



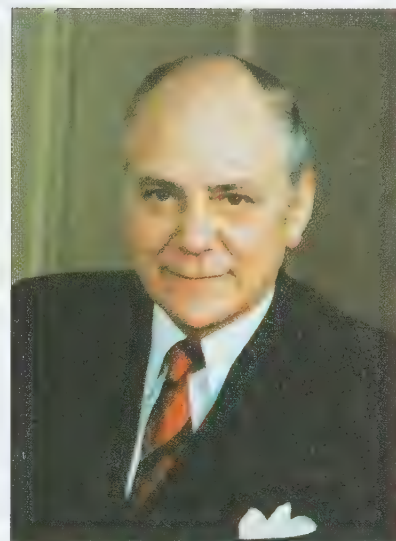
CHARLES M. LAIDLEY
Senior Vice-President,
LOANS AND INVESTMENTS



JOHN A. C. HILLIKER
Senior Vice-President,
DOMESTIC REGIONS



E. STANLEY DUFFIELD
Senior Vice-President,
HUMAN RESOURCES AND ADMINISTRATION



DEREK G. KEAVENEY
Senior Vice-President,
INFORMATION AND OPERATING SYSTEMS



GORDON T. ORMSTON
Senior Vice-President and
Regional General Manager,
BRITISH COLUMBIA



GORDON H. LENNARD
Senior Vice-President,
QUEBEC



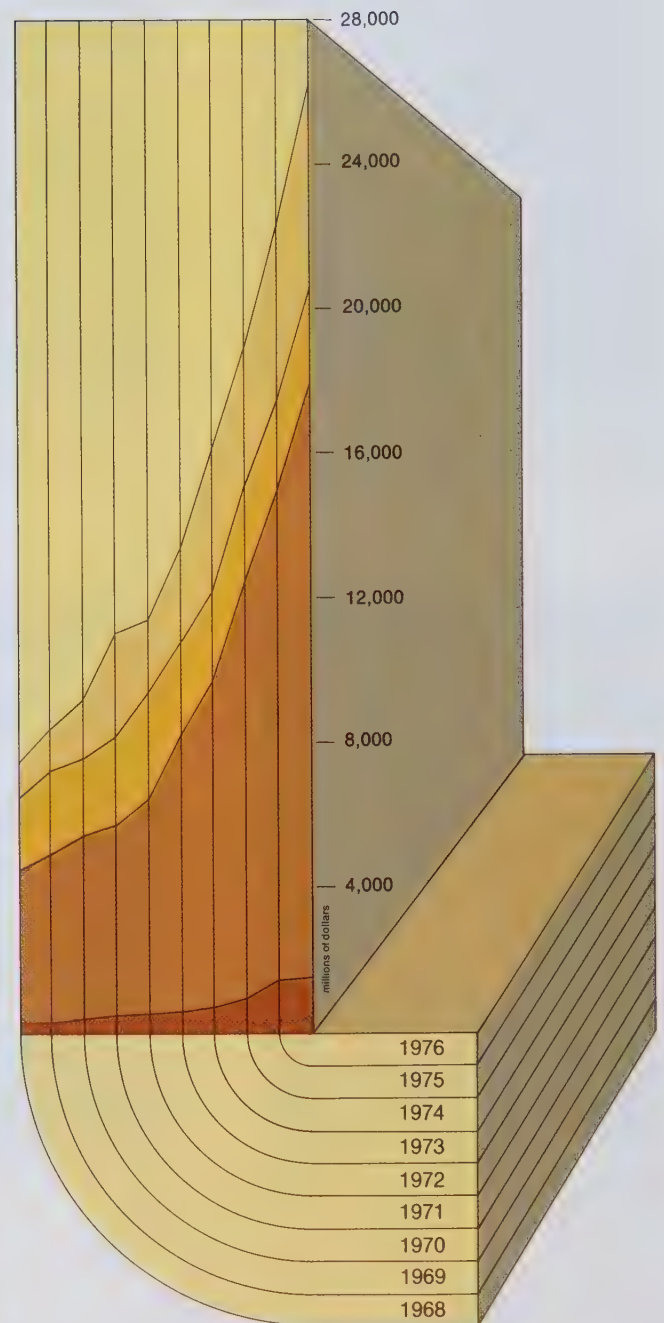
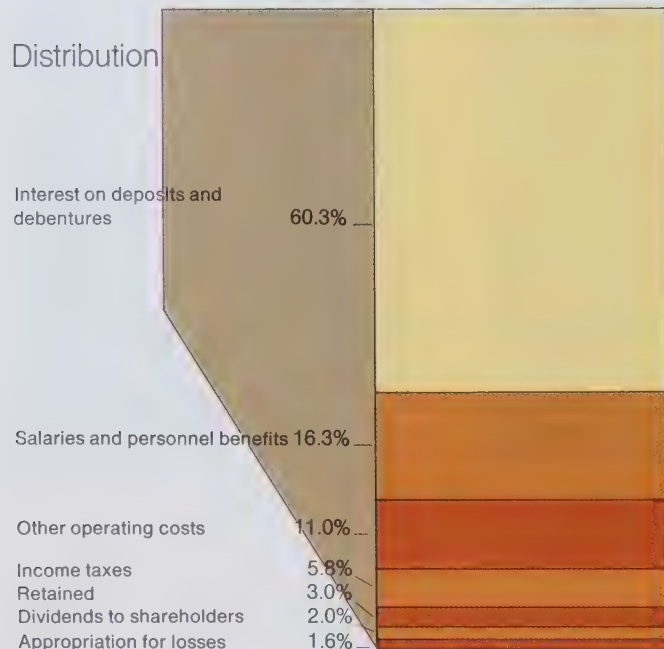
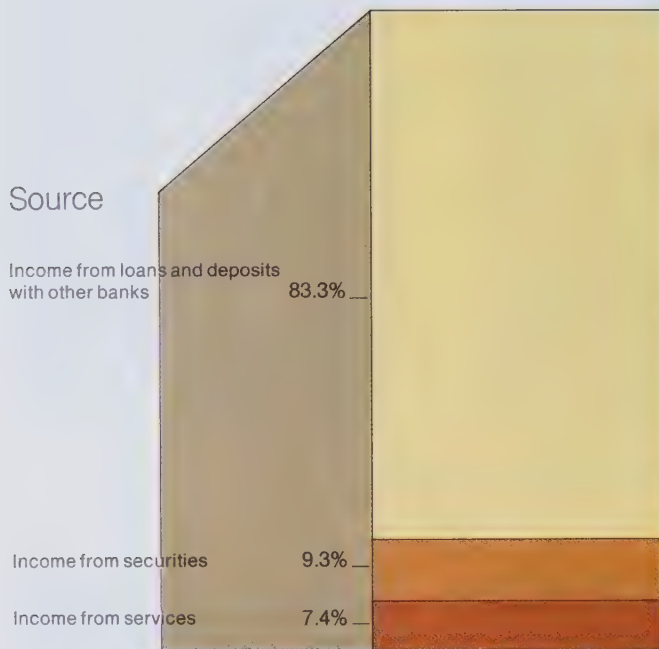
LAWRENCE G. GREENWOOD
Chairman and President,
THE DOMINION REALTY COMPANY, LIMITED

Source of Revenue in 1976

Distribution of Revenue in 1976

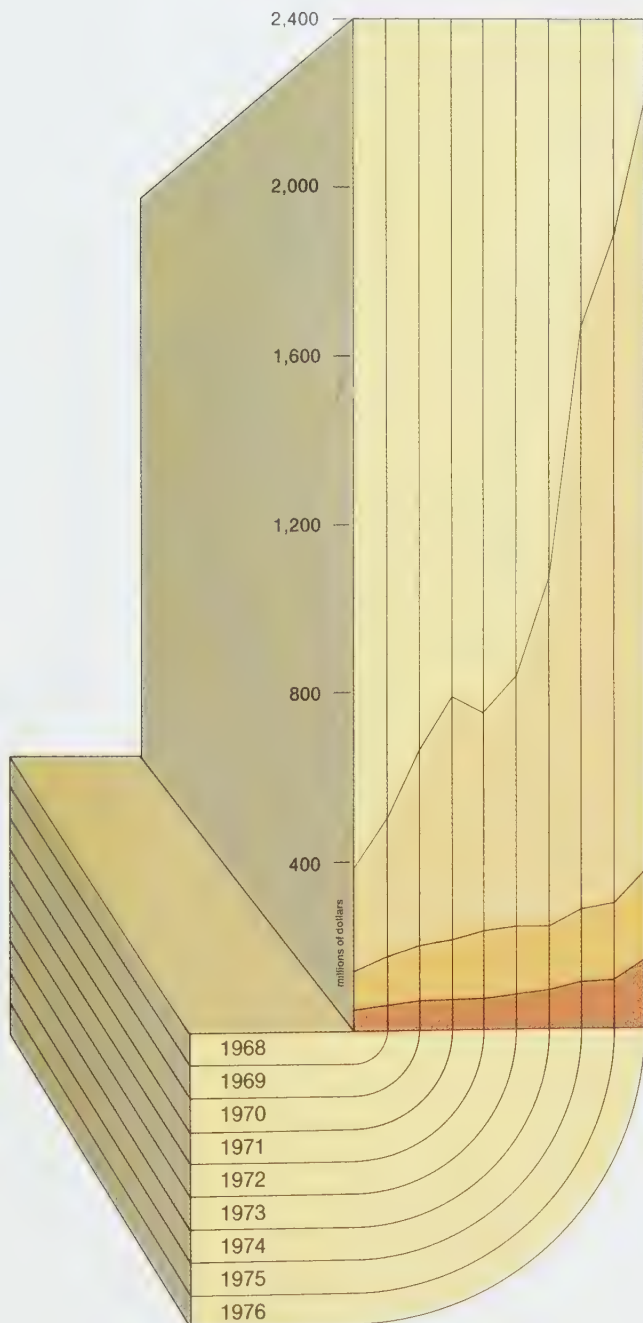
Total Assets

- Cash resources
- Securities
- Loans
- Other



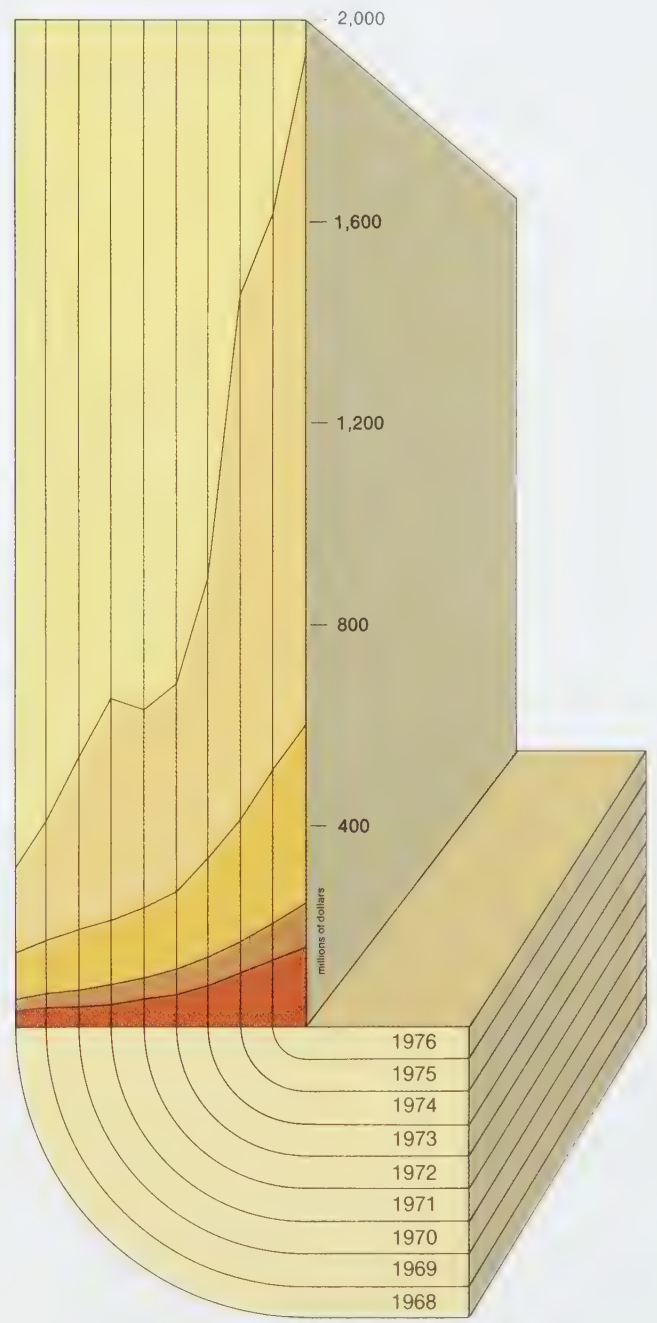
Revenue

- Income from loans
- Income from securities
- Other operating revenue



Expenses

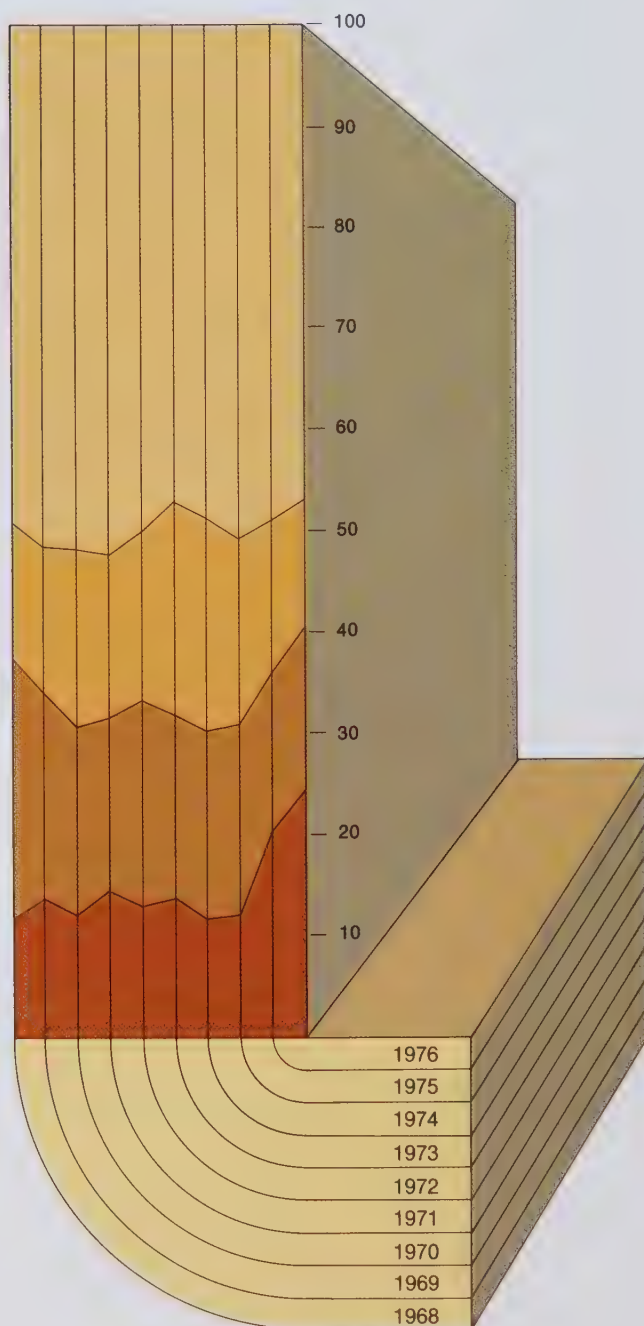
- Interest on deposits and bank debentures
- Salaries, pension contributions and other benefits
- Property expenses including depreciation
- Other operating expenses including provision for losses on loans



Balance of Revenue

Percentage Distribution Balance of Revenue:

- Provision for Income Taxes
- Appropriation for losses
- Dividends
- Retained



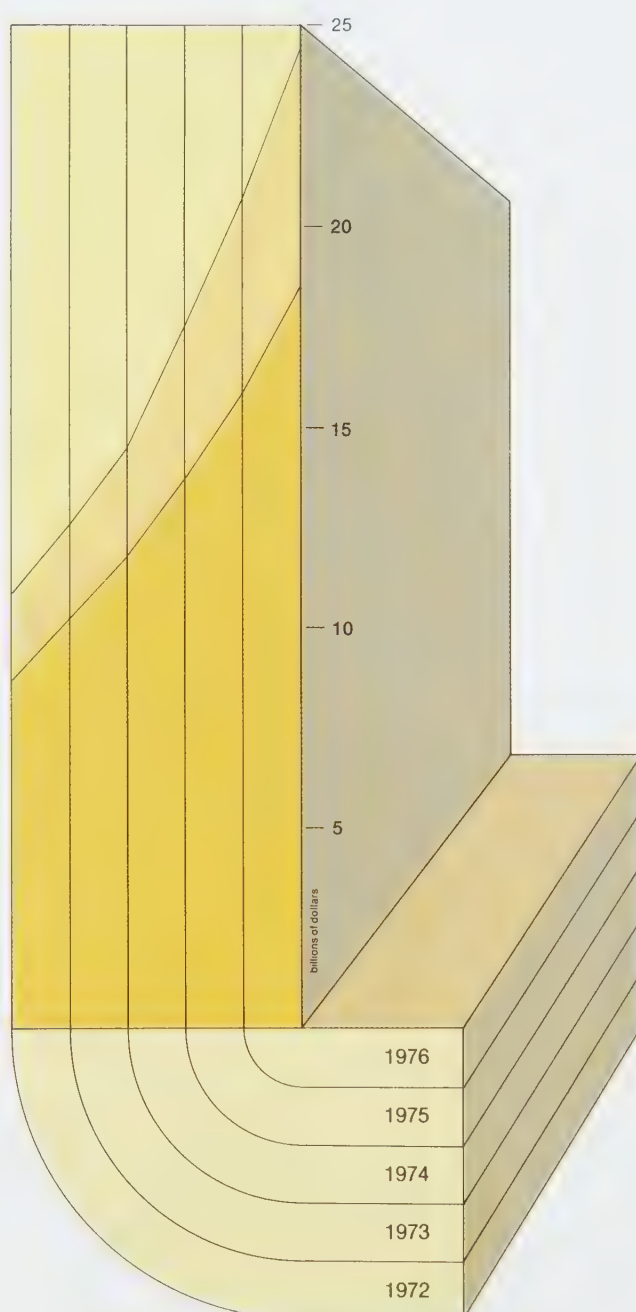
Balance of Revenue After Income Tax

Domestic
International



Average Assets Employed

Domestic
International



Statement of Assets and Liabilities

as at October 31, 1976

ASSETS	1976	1975
Cash and due from banks	\$ 5,123,673,641	\$ 4,422,483,850
Cheques and other items in transit, net	392,462,089	346,961,627
Total cash resources	5,516,135,730	4,769,445,477
Securities issued or guaranteed by Canada, at amortized value	1,873,290,696	1,729,602,615
Securities issued or guaranteed by provinces, at amortized value	34,352,841	113,862,998
Other securities, not exceeding market value	804,119,004	695,700,578
Total securities	2,711,762,541	2,539,166,191
Day, call and short loans to investment dealers and brokers, secured	317,829,831	133,379,944
Other loans, including mortgages, less provision for losses	16,036,992,716	13,355,073,939
Total loans	16,354,822,547	13,488,453,883
Bank premises at cost, less amounts written off	262,735,529	232,365,115
Securities of and loans to corporations controlled by the bank	250,961,467	189,733,055
Customers' liability under acceptances, guarantees and letters of credit, as per contra	984,741,410	1,018,137,974
Other assets	22,883,645	21,751,534
	\$26,104,042,869	\$22,259,053,229

See Notes to the Financial Statements

Auditors' Report to the Shareholders

We have examined the statement of assets and liabilities of Canadian Imperial Bank of Commerce as at October 31, 1976 and the statements of revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, November 24, 1976.

LIABILITIES	1976	1975
Deposits by Canada	\$ 470,757,140	\$ 277,061,569
Deposits by provinces	389,487,348	225,110,917
Deposits by banks	4,130,088,206	3,512,727,795
Personal savings deposits payable after notice, in Canada, in Canadian currency	9,809,709,841	8,463,958,412
Other deposits	9,067,544,434	7,667,175,067
Total deposits	23,867,586,969	20,146,033,760
Acceptances, guarantees and letters of credit	984,741,410	1,018,137,974
Other liabilities	85,849,778	89,857,625
Accumulated appropriations for losses	301,362,718	256,825,124
Capital Funds:		
Debentures issued and outstanding (Note 2)	225,000,000	175,000,000
Capital:		
Authorized—62,500,000 shares of a par value of \$2 each		
Issued—34,840,000 shares fully paid up	69,680,000	69,680,000
Rest account	565,000,000	500,000,000
Undivided profits	4,821,994	3,518,746
Total capital funds	864,501,994	748,198,746
	\$26,104,042,869	\$22,259,053,229

Signed
R. E. HARRISON

Signed
R. D. FULLERTON

In our opinion, the foregoing statements present fairly the financial position of the Bank as at October 31, 1976 and the revenue, expenses and undivided profits, accumulated appropriations for losses and transactions in the rest account of the Bank for the year ended on that date.

A. G. WATSON, F.C.A., of Peat, Marwick, Mitchell & Co. }
D. C. SCOTT, F.C.A., of Clarkson, Gordon & Co. } Auditors

Statement of Revenue, Expenses and Undivided Profits

For the financial year ended October 31, 1976

	1976	1975
Revenue:		
Income from loans	\$1,838,009,471	\$1,551,291,504
Income from securities	205,861,893	183,552,658
Other operating revenue	163,857,077	144,451,134
Total revenue	2,207,728,441	1,879,295,296
Expenses:		
Interest on deposits and bank debentures	1,331,899,961	1,110,768,044
Salaries, pension contributions and other staff benefits	359,639,031	301,595,695
Property expenses, including depreciation	88,246,002	74,637,472
Other operating expenses, including provision for losses on loans based on five-year average loss experience (Note 1)	154,044,999	129,851,225
Total expenses	1,933,829,993	1,616,852,436
Balance of revenue	273,898,448	262,442,860
Provision for income taxes relating thereto (Note 4)	128,000,000	128,500,000
Balance of revenue after provision for income taxes	145,898,448	133,942,860
Appropriation for losses (Note 1)	35,000,000	40,000,000
Balance of profits for the year	110,898,448	93,942,860
Dividends	44,595,200	41,111,200
Amount carried forward	66,303,248	52,831,660
Undivided profits at beginning of year	3,518,746	687,086
	69,821,994	53,518,746
Transferred to Rest account	65,000,000	50,000,000
Undivided profits at end of year	\$ 4,821,994	\$ 3,518,746

Statement of Accumulated Appropriations for Losses

For the financial year ended October 31, 1976

	1976	1975
Accumulated appropriations at beginning of year:		
General	\$ 93,110,582	\$ 88,865,276
Tax-paid	163,714,542	121,956,678
Total	256,825,124	210,821,954
Appropriation from current year's operations (Note 1)	35,000,000	40,000,000
Loss experience on loans less provision included in other operating expenses	(3,147,625)	(4,844,085)
Profits and losses on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market (representing mainly the partial reversal of provisions made in earlier years to reduce carrying values to market values)	16,085,219	11,580,180
Other profits, losses and non-recurring items, net	—	(732,925)
Provision for income taxes, including credit of Nil related to appropriation from current year's operations (Note 4)	(3,400,000)	—
Accumulated appropriations at end of year	301,362,718	256,825,124
Accumulated appropriations at end of year:		
General	101,132,951	93,110,582
Tax-paid	200,229,767	163,714,542
Total	\$ 301,362,718	\$ 256,825,124

See Notes to the Financial Statements

Statement of Retained Account

For the financial year ended October 31, 1976

	1976	1975
Balance at beginning of year	\$500,000,000	\$450,000,000
Transfer from undivided profits	65,000,000	50,000,000
Balance at end of year	\$565,000,000	\$500,000,000

Notes to the Financial Statements

1. A provision on account of losses incurred on loans is included in other operating expenses based on a formula which takes into account the loss experience over the past five years.

In addition to the provision for losses included in other operating expenses, an appropriation is made out of earnings at each year-end to provide for losses not yet known which may be incurred on realization of existing loans, together with possible losses on securities and other assets.

2. Debentures issued and outstanding comprise—

	1976	1975
(a) 7¼% Debentures maturing December 15, 1992 (the holder of any debenture may elect that such debenture mature on December 15, 1978)	\$ 50,000,000	\$ 50,000,000
(b) 7½% Debentures maturing May 15, 1993 (the holder of any debenture may elect that such debenture mature on November 15, 1979)	50,000,000	50,000,000
(c) 9¾% Debentures maturing January 2, 1995 (the holder of any debenture may elect that such debenture mature on January 2, 1985)	75,000,000	75,000,000
(d) 9½% Debentures maturing October 15, 1996 (the holder of any debenture may elect that such debenture mature on October 15, 1986)	50,000,000	—
	\$225,000,000	\$175,000,000

3. The financial statements include the assets and liabilities and results of operations of California Canadian Bank and Bank of Commerce Jamaica Limited, both of which are wholly-owned subsidiaries. Bank of Commerce Jamaica Limited was incorporated on November 12, 1975 and commenced operations on October 1, 1976, when it took over the business of the parent bank in Jamaica.

4. Provisions for income taxes are included in the financial statements as follows:

	1976	1975
Statement of Revenue, Expenses and Undivided Profits	\$128,000,000	\$128,500,000
Statement of Accumulated Appropriations for Losses	3,400,000	—
Total	\$131,400,000	\$128,500,000

5. The Bank is subject to the Anti-Inflation Act, which places restrictions on increases in prices, employee compensation, profit margins and dividends. Effective from November 1, 1975, profit margins before income taxes on the Bank's domestic business (expressed as a rate of return on assets) may not exceed 85% of the average profit margins earned for the five years ended October 31, 1974. In addition, prices charged for most services, and interest spreads between rates paid on deposits and those charged on loans, may not be increased beyond those in effect at October 13, 1975. Restrictions on increases in employee compensation and in dividends payable by the Bank are similar to those imposed on corporations generally. While the compliance reports required under the Act for the year ended October 31, 1976 have not yet been prepared, based on preliminary figures the Bank believes that its operations for the year have been in conformity with the requirements of the Act. The Anti-Inflation Act expires December 31, 1978.

The controls on profits and prices do not apply to the international business of the Bank.

Statements of Assets and Liabilities of Controlled Corporations

THE CANADIAN BANK OF COMMERCE TRUST COMPANY, NEW YORK

(as at August 31, 1976—in United States Dollars)

ASSETS

Due from banks in the United States of America	\$12,725,508
Securities and accrued interest	1,240,151
Loans	831,483
Furniture and fixtures less depreciation	1,440
Other assets	27,556
	<u>\$14,826,138</u>

LIABILITIES

Deposits payable	\$11,679,919
Accounts and taxes payable	37,700
Capital	\$1,000,000
Reserve fund	1,000,000
Undivided profits	<u>1,108,519</u>
	<u>3,108,519</u>
	<u>\$14,826,138</u>

The Bank owns the entire capital stock of The Canadian Bank of Commerce Trust Company with the exception of the directors' qualifying shares, which is included in its statement of assets and liabilities at Can. \$1,930,790.

CANADIAN IMPERIAL BANK OF COMMERCE TRUST COMPANY (CAYMAN) LIMITED

including its wholly owned subsidiary companies

(as at August 31, 1976—in Cayman Island Dollars)

ASSETS

Cash and due from banks	\$ 3,167,487
Loans and mortgages receivable	16,009,023
Fixed assets less depreciation	2,037,333
Other assets	12,739
	<u>\$21,226,582</u>

LIABILITIES

Deposits payable	\$18,286,831
Accounts and taxes payable	236,580
Capital	\$2,250,000
Undivided profits	<u>453,171</u>
	<u>2,703,171</u>
	<u>\$21,226,582</u>

The Bank owns the entire capital stock of Canadian Imperial Bank of Commerce Trust Company (Cayman) Limited, which is included in its statement of assets and liabilities at Can. \$2,629,350.

COMMERCE INTERNATIONAL TRUST LIMITED

(as at August 31, 1976—in Pounds Sterling)

ASSETS

Cash and due from banks	£ 445,733
Accounts receivable	669,982
Loans	46,449,085
	<u>£47,564,800</u>

LIABILITIES

Canadian Imperial Bank of Commerce	£46,584,320
Accounts and taxes payable	903,884
Capital	£ 100
Undivided profits	<u>76,496</u>
	<u>76,596</u>
	<u>£47,564,800</u>

The Bank owns the entire capital stock of Commerce International Trust Limited, which is included in its statement of assets and liabilities at Can. \$154.

CANADIAN IMPERIAL BANK OF COMMERCE TRUST COMPANY (BAHAMAS) LIMITED

(as at August 31, 1976—in Bahamian Dollars)

ASSETS

Cash and due from banks	\$ 1,277,781
Accounts receivable	31,934
Fixed assets less depreciation	4,053
	<u>\$ 1,313,768</u>

LIABILITIES

Loans	\$ 997,021
Capital	\$ 300,000
Undivided profits	<u>16,747</u>
	<u>316,747</u>
	<u>\$ 1,313,768</u>

The Bank owns the entire capital stock of Canadian Imperial Bank of Commerce Trust Company (Bahamas) Limited, which is included in its statement of assets and liabilities at Can. \$291,660.

C.I.B.C. FINANCE B.V.

Including its wholly owned subsidiary companies
(as at August 31, 1976—in Netherlands Guilders)

ASSETS

Cash and due from banks	f. 12,307,006
Accounts receivable	143,595
Fixed assets less depreciation	75,452
Other assets	874,214
	<u>f. 13,400,267</u>

LIABILITIES

Canadian Imperial Bank of Commerce	f. 13,045,672
Accounts and taxes payable	117,736
Capital	f. 200,000
Undivided profits	36,859
	<u>236,859</u>
	<u>f. 13,400,267</u>

The Bank owns the entire capital stock of C.I.B.C. Finance B.V., which is included in its statement of assets and liabilities at Can. \$77,420.

THE DOMINION REALTY COMPANY LIMITED

Including its wholly owned subsidiary companies
(as at October 31, 1976—in Canadian Dollars)

ASSETS

Fixed assets less depreciation	\$114,141,164
Other assets	94,885
	<u>\$114,236,049</u>

LIABILITIES

Canadian Imperial Bank of Commerce	\$ 6,800,814
Accrued interest and other liabilities	2,905,224
Notes payable:	
1977-1991 (U.S. \$37,000,000)	37,788,562
1981-1991	18,000,000
Capital	\$44,000,000
Surplus	4,741,449
	<u>48,741,449</u>
	<u>\$114,236,049</u>

The Bank owns the entire capital stock of The Dominion Realty Company Limited, which is included in its statement of assets and liabilities at \$44,000,000.

IMBANK REALTY COMPANY LIMITED

Including its wholly owned subsidiary company
(as at October 31, 1976—in Canadian Dollars)

ASSETS

Fixed assets less depreciation	\$ 5,882,025
Other assets	200,566
	<u>\$ 6,082,591</u>

LIABILITIES

Canadian Imperial Bank of Commerce	\$ 346,632
Accrued interest and other liabilities	297,948
First mortgage bonds:	
Series B, 1977-1980	1,500,000
Capital	\$ 2,750,000
Surplus	1,188,011
	<u>3,938,011</u>
	<u>\$ 6,082,591</u>

The Bank owns the entire capital stock of Imbank Realty Company Limited, which is included in its statement of assets and liabilities at \$2,750,000.

AUDITORS' REPORT TO THE SHAREHOLDERS OF THE BANK

We have examined the statements of assets and liabilities of controlled corporations of Canadian Imperial Bank of Commerce as at the dates indicated. Our examinations included general reviews of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statements of assets and liabilities present fairly the financial positions of the corporations as at the dates indicated.

Toronto, November 24, 1976

A. G. WATSON, F.C.A. of Peat, Marwick, Mitchell & Co. }
D. C. SCOTT, F.C.A. of Clarkson, Gordon & Co. } Auditors

Ten-Year Statistical Review

(thousands of dollars)

REVENUE, EXPENSES AND UNDIVIDED PROFITS	1976	1975	1974
REVENUE			
Income from loans	\$1,838,009	\$1,551,291	\$1,369,985
Income from securities	205,862	183,553	176,499
Other operating revenue	163,857	144,451	112,649
Total Revenue	\$2,207,728	\$1,879,295	\$1,659,133
EXPENSES			
Interest on deposits and bank debentures	\$1,331,900	\$1,110,768	\$1,041,991
Salaries, pensions, and other staff benefits	359,639	301,596	241,914
Property expenses	88,246	74,637	64,486
Other operating expenses	154,045	129,851	104,613
Total Expenses	\$1,933,830	\$1,616,852	\$1,453,004
Balance of revenue	\$ 273,898	\$ 262,443	\$ 206,129
Provision for income taxes relating thereto	128,000	128,500	104,800
Balance of revenue after income taxes	145,898	133,943	101,329
Appropriation for losses	35,000	40,000	38,000
Balance of profits	110,898	93,943	63,329
Dividends	44,595	41,111	38,672
Amount carried forward	66,303	52,832	24,657
Undivided profits at beginning of year	3,519	687	11,030
Transfer from accumulated appropriations for losses	—	—	—
	69,822	53,519	35,687
Transferred to rest account	65,000	50,000	35,000
Undivided profits at end of year	\$ 4,822	\$ 3,519	\$ 687
PER SHARE (in dollars)			
Balance of revenue, after taxes	\$ 4.19	\$ 3.84	\$ 2.91
Balance of profits	3.18	2.70	1.82
Dividends	1.28	1.18	1.11

1973	1972	1971	1970	1969	1968	1967
825,824	\$590,428	\$516,505	\$572,999	\$466,308	\$328,457	\$245,306
148,783	159,611	162,206	140,297	132,115	115,623	88,933
96,128	84,632	72,853	74,523	69,990	59,663	51,751
1,070,735	\$834,671	\$751,564	\$787,819	\$668,413	\$503,743	\$385,990
558,454	\$408,392	\$393,589	\$441,142	\$349,892	\$238,050	\$167,234
192,608	154,129	138,566	127,289	121,207	105,166	90,493
58,190	53,226	45,599	39,286	33,717	28,725	25,701
80,055	63,694	51,572	43,083	38,346	35,573	31,005
889,307	\$679,441	\$629,326	\$650,800	\$543,162	\$407,514	\$314,433
181,428	\$155,230	\$122,238	\$137,019	\$125,251	\$ 96,229	\$ 71,557
88,500	73,000	61,300	71,500	65,000	49,600	35,300
92,928	82,230	60,938	65,519	60,251	46,629	36,257
38,000	33,000	20,000	22,000	22,000	13,700	9,681
54,928	49,230	40,938	43,519	38,251	32,929	26,576
33,446	27,872	25,085	23,691	22,994	19,859	18,117
21,482	21,358	15,853	19,828	15,257	13,070	8,459
9,548	8,190	7,337	2,509	1,252	3,182	4,723
15,000	10,000	10,000	10,000	11,000	—	5,000
46,030	39,548	33,190	32,337	27,509	16,252	18,182
35,000	30,000	25,000	25,000	25,000	15,000	15,000
11,030	\$ 9,548	\$ 8,190	\$ 7,337	\$ 2,509	\$ 1,252	\$ 3,182
2.67	\$ 2.36	\$ 1.75	\$ 1.88	\$ 1.73	\$ 1.34	\$ 1.04
1.58	1.41	1.18	1.25	1.10	.95	.76
.96	.80	.72	.68	.66	.57	.52

Ten-Year Statistical Review

(thousands of dollars)

ASSETS AND LIABILITIES AS AT OCTOBER 31	1976	1975	1974
ASSET			
Cash resources	\$ 5,516,136	\$ 4,769,445	\$ 3,838,47
Securities	2,711,762	2,539,166	2,611,82
Loans	16,354,823	13,488,454	11,509,59
Bank premises	262,735	232,365	212,73
Other assets	1,258,587	1,229,623	774,25
Total	\$26,104,043	\$22,259,053	\$18,946,88
LIABILITIES			
Deposits	\$23,867,587	\$20,146,034	\$17,394,42
Sundry liabilities	1,070,591	1,107,995	721,26
Accumulated appropriations for losses	301,363	256,825	210,82
Capital funds:			
Debentures	225,000	175,000	100,00
Shareholders' equity	639,502	573,199	520,36
Total	\$26,104,043	\$22,259,053	\$18,946,88
ACCUMULATED APPROPRIATIONS FOR LOSSES			
Accumulated appropriations at beginning of year	\$ 256,825	\$ 210,822	\$ 205,24
Additions (deductions) during year:			
Current year's appropriation	\$ 35,000	\$ 40,000	\$ 38,00
Losses on loans under (over) five-year average	(3,147)	(4,844)	(5,62)
Profits and losses on securities	16,085	11,580	(26,77)
Other profits and losses, (net)	—	(733)	(3
Provision for income taxes	(3,400)	—	—
Transferred to undivided profits	—	—	—
	\$ 44,538	\$ 46,003	\$ 5,57
Accumulated appropriations at end of year			
General	\$ 101,133	\$ 93,110	\$ 88,86
Tax-paid	200,230	163,715	121,95
Total	\$ 301,363	\$ 256,825	\$ 210,82

30 Note: For purposes of this Review, certain financial statement captions have been abbreviated or grouped, and amounts shown for earlier years have been restated where necessary to conform to the presentation used in 1976.

1973	1972	1971	1970	1969	1968	1967
3,900,295	\$ 2,495,251	\$ 2,044,230	\$ 2,812,703	\$1,623,306	\$1,014,355	\$ 973,993
2,492,933	2,556,442	2,864,300	2,514,860	2,108,971	2,392,295	1,979,453
8,984,594	7,611,469	5,939,516	5,242,014	5,090,629	4,617,883	4,213,008
196,528	180,471	132,646	110,439	88,596	81,009	77,132
527,316	457,178	419,568	370,567	288,478	237,569	237,996
6,101,666	\$13,300,811	\$11,400,260	\$11,050,583	\$9,199,980	\$8,343,111	\$7,481,582
4,801,144	\$12,205,229	\$10,419,308	\$10,180,598	\$8,397,795	\$7,623,000	\$6,811,121
499,563	447,535	386,351	320,165	286,435	233,209	227,596
205,249	188,819	166,731	147,803	143,561	140,970	110,003
100,000	—	—	—	—	—	—
495,710	459,228	427,870	402,017	372,189	345,932	332,862
6,101,666	\$13,300,811	\$11,400,260	\$11,050,583	\$9,199,980	\$8,343,111	\$7,481,582
188,819	\$ 166,731	\$ 147,803	\$ 143,561	\$ 140,970	\$ 110,003	\$ 95,775
38,000	\$ 33,000	\$ 20,000	\$ 22,000	\$ 22,000	\$ 13,700	\$ 9,681
(1,360)	(3,811)	(8,653)	(5,359)	1,703	2,746	1,695
(5,332)	1,082	18,108	(1,941)	(8,063)	1,062	(297)
322	2,117	(527)	(158)	451	(441)	(51)
(200)	(300)	—	(300)	(2,500)	13,900	8,200
(15,000)	(10,000)	(10,000)	(10,000)	(11,000)	—	(5,000)
16,430	\$ 22,088	\$ 18,928	\$ 4,242	\$ 2,591	\$ 30,967	\$ 14,228
108,500	\$ 115,482	\$ 122,562	\$ 116,655	\$ 120,317	\$ 129,825	\$ 100,999
96,749	73,337	44,169	31,148	23,244	11,145	9,004
205,249	\$ 188,819	\$ 166,731	\$ 147,803	\$ 143,561	\$ 140,970	\$ 110,003



International Offices

□ IN THE UNITED STATES

Banking Offices

New York, N.Y.
22 William Street, New York,
N.Y. 10005 (Agency)
Beaverton, Oregon
3425 S.W. Cedar Hills Blvd.,
Beaverton, Oregon 97005
Portland, Oregon
504 S.W. Sixth Avenue,
Portland, Oregon 97207
1600 S.W. Fourth Street at Market Street,
Portland, Oregon 97201
Seattle, Washington
801 Second Avenue, Seattle,
Washington 98111

Representative Offices

Chicago, Illinois
Suite 4100, 135 South La Salle Street,
Chicago, Illinois 60603
Dallas, Texas
Suite 2750, One Main Place,
Dallas, Texas 75250
Los Angeles, California
Suite 204, 700 South Flower Street,
Los Angeles, California 90017
San Francisco, California
340 Pine Street, San Francisco,
California 94104

□ IN EUROPE

European Operations Office

London, England
42 Moorgate, London, England,
EC2R 6BP

Banking Offices

London, England
2 Lombard St., London, England,
EC3P 3EU
48 Berkeley Square, London, England,
W1X 6HE
Paris, France
19 Avenue Montaigne, 75008,
Paris, France
Frankfurt, Germany
Bockenheimer Landstrasse 51-53,
D6000 Frankfurt/Main, West Germany

Representative Offices

Amsterdam, The Netherlands
Vijzelstraat 79B
Amsterdam, The Netherlands
Milan, Italy
Via V Pisani 19, 1 20124,
Milan, Italy
Zurich, Switzerland
Bleicherweg 39, 8002,
Zurich, Switzerland

□ IN THE MIDDLE EAST

Manama, Bahrain
Offshore Banking Unit,
Box 5484, Manama, Bahrain

Representative Offices

Manama, Bahrain
Box 774, Manama, Bahrain
Teheran, Iran
6 Karimkhan, Zand Blvd., Teheran, Iran

□ IN ASIA

Representative and Area Office

Hong Kong
Room 1604, Bank of Canton Building,
6 Des Voeux Road Central, Hong Kong

Representative Offices

Singapore
Tower 1401, D.B.S. Bldg.,
6 Shenton Way, Singapore I
Tokyo, Japan
Suite 910, Kokusai Building,
1-1, Marunouchi 3-chome, Chiyoda-ku,
Tokyo 100, Japan

□ IN AUSTRALIA

Representative Office

Sydney, Australia
AMP Centre, 50 Bridge St.,
Sydney, N.S.W. 2000, Australia



IN MEXICO AND SOUTH AMERICA

Representative Offices

Mexico City, Mexico
Paseo de la Reforma 199-1101
Mexico, 5 D.F. Mexico
São Paulo, Brazil
Rua Libero Badaro, 377-12°-cj 1203,
CEP 01009-São Paulo (SP) Brazil

IN THE BAHAMAS AND WEST INDIES

Bahamas and Cayman Area Office
Box N8329, Nassau, Bahamas
Branches at Bay and Parliament, Coconut Grove, Madeira Shopping Centre, Nassau Beach Hotel, Potter's Cay, Nassau (New Providence Island); Bahama Cement Site, Churchill Square, Eight Mile Rock, Queen's Highway, Freeport (Grand Bahama Island); Man-of-War Cay, Marsh Harbour (Abaco Island); San Andros, (Andros Island) Bahamas and George Town and Owen Roberts Airport, Grand Cayman.

Eastern Caribbean Area Office
Box 405, Bridgetown, Barbados
Branches at St. John's, Antigua; Bridgetown, Oistins, Pandora's Shopping Centre, Peronne Plaza, Rock Dundo, Sunset Crest Shopping Centre, Speightstown, Worthing, Barbados; St. George's and Sauteurs, Grenada; Castries, Vieux Fort, St. Lucia; Kingstown, St. Vincent.

Trinidad and Tobago Area Office
72 Independence Square, Port of Spain, Trinidad
Branches at 48a Ariapita Avenue, 53 Frederick Street, 72 Independence Square, 55 Queen Street, St. James, Port of Spain; Chaguanas, Curepe, Glencoe, Marabella, Maraval, San Fernando, San Juan, Tunapuna, Trinidad and Scarborough, Tobago.

TRUST OPERATIONS

A full range of trust services is available through:

The Canadian Bank of Commerce Trust Company, New York, N.Y.
20 Exchange Place, New York, N.Y. 10005

Canadian Imperial Bank of Commerce Trust Company (Cayman) Limited, Grand Cayman
P.O. Box 694, Grand Cayman, Cayman Islands

The Canadian Bank of Commerce Trust Company (Caribbean) Limited, Barbados
P.O. Box 1008, Bridgetown, Barbados
Jamaica, P.O. Box 43, Kingston, Jamaica
Trinidad and Tobago, P.O. Box 1059, Port of Spain, Trinidad

Canadian Imperial Bank of Commerce Trust Company (Bahamas) Limited, Bahamas
P.O. Box N3933, Nassau, Bahamas

WHOLLY-OWNED BANKING SUBSIDIARIES

Bank of Commerce Jamaica Limited
Head Office:
121 Harbour St., Kingston, Jamaica
Branches at Duke and Laws, 129 East Street, Half Way Tree, King and Harbour, Manor Park Shopping Centre, New Kingston, Newport West, Princess and West Queen Streets, Twin Gates Shopping Centre, Kingston; Buff Bay; Lluidas Vale; Main & Park and Midway Mall, Mandeville; May Pen; Montego Bay; Ocho Rios and Port Antonio.

California Canadian Bank
Head Office:
340 Pine Street, San Francisco, California 94104
Branches in Belmont, Campbell, Concord, Cupertino, El Cajon, Lafayette, Los Angeles, Newport Beach, Orange, Palo Alto, Pleasant Hill, Sacramento, San Diego, San Francisco, San Jose, San Mateo, San Rafael and Santa Rosa, Sunnyvale.
24 Branches in California

Canadian Imperial Bank of Commerce (International) S.A.
1, Rue du Boccador,
75008 Paris, France

Commerce International Finance Company (Asia) Limited
1001 Bank of Canton Bldg.,
6 Des Voeux Rd. Central, Hong Kong



HEAD OFFICE











COMMERCE COURT, TORONTO, CANADA M5L 1A2

Cable Address CANBANK, TORONTO, CANADA

Telephone 862-2211

Telex No. 065-24116 Answer-Back "Canbank Tor"

DOMESTIC REGIONAL OFFICES

	Atlantic:	5171 George Street Halifax, N.S. B3J 2N7 90 branches
	Quebec:	
	{ Montreal Region Quebec Region }	1155 Dorchester Blvd. West Montreal, P.Q. H3C 3B2 209 branches
	Ontario:	
	{ Ontario Central Region Ontario Central East Region Ontario Central West Region Ontario Toronto City Region Main Branch Commerce Court }	Commerce Court West Toronto M5L 1A2
	Ontario East and North Region	222 Queen Street Ottawa, Ontario K1P 5V9
	Ontario Hamilton-Niagara Region	1 James Street South Hamilton, Ontario L8P 4R5
	Ontario South-West Region	380 Wellington Street London, Ontario N6A 5B5 752 branches
	Manitoba:	375 Main Street Winnipeg, Manitoba R3C 2P3 88 branches
	Saskatchewan:	1867 Hamilton Street Regina, Saskatchewan S4P 3G6 108 branches
	Alberta and Northwest Territories:	309-8th Ave. S.W. Calgary, Alberta T2P 2P2 204 branches
	British Columbia and Yukon Territory:	640 Hastings Street Vancouver, B.C. V6B 1P9 242 branches

To Our Shareholders:

The attached interim financial statements indicate a balance of revenue after income taxes for the second quarter of over \$35 million, an increase of 20% from the corresponding quarter of 1975. By comparison with a year ago, the gain reflects higher asset levels and a lower effective income tax rate. International profit margins held up well, but domestic margins were lower.

Earnings after tax for the second quarter of 1976 declined by \$3 million from those of the first quarter. International earnings improved, but this was more than offset by a decline in profit margin on domestic business.

For the half-year to April 30, 1976, balance of revenue increased by 25% to a total of \$141 million, of which approximately 20% was contributed by international operations. Balance of revenue after income taxes amounted to \$74 million, the improvement of \$19 million or 35% from the same period of last year being derived as follows—

Millions

From a higher level of assets	\$8
From a higher profit margin, due in part to changes in the mix of assets and liabilities	5
From a lower income tax rate, reflecting mainly the elimination of the federal surtax on corporations	6

Employee compensation and dividends paid by the Bank are currently controlled under the Anti-Inflation Act in the same way as those of other major corporations. Guidelines for the control of bank profit margins were published by the Anti-Inflation Board in February, 1976 but have not yet been supplemented by detailed regulations. Profit margins in late fiscal 1975 and the first quarter of fiscal 1976 were in excess of these guidelines, but based on a preliminary assessment the cumulative excess was reduced in the second quarter. The federal budget of May 25, 1976 has indicated further changes in the basis of calculating allowable earnings for most corporations which, if applied to the Bank, will reduce allowable margins below the level indicated by the existing guidelines.

The steady improvement in the Canadian economy is likely to lead to continuing growth of bank assets in the second half of 1976, but profit margins will be under pressure. International business tends to be volatile, but for the immediately foreseeable future seems likely to continue to make a significant contribution to the Bank's earnings.

J. P. R. WADSWORTH
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

AR29

CANADIAN IMPERIAL BANK OF COMMERCE

HEAD OFFICE
COMMERCE COURT
TORONTO, CANADA
M5L 1A2



CANADIAN IMPERIAL
BANK OF COMMERCE

INTERIM REPORT

For the six months ended

April 30, 1976

CHAIRMAN
AND CHIEF EXECUTIVE OFFICER
J. P. R. WADSWORTH

PRESIDENT
AND CHIEF OPERATING OFFICER
R. E. HARRISON

EXECUTIVE VICE-PRESIDENT
AND CHIEF GENERAL MANAGER
R. D. FULLERTON

VICE-CHAIRMAN
L. G. GREENWOOD
(Montreal)

STATEMENT OF REVENUE AND EXPENSES

(in thousands of dollars)

JUN 8 1976

	For the three months ended April 30		For the six months ended April 30	
	1976	1975	1976	1975
REVENUE				
Income from loans	\$440,238	\$370,103	\$871,752	\$777,814
Income from securities	48,170	44,719	95,814	93,733
Other operating revenue	41,302	34,250	79,230	67,033
Total revenue	529,710	449,072	1,046,796	938,580
EXPENSES				
Interest on deposits and bank debentures	315,798	262,714	616,196	581,254
Salaries, pension contributions and other staff benefits	88,151	73,645	171,126	144,210
Property expenses, including depreciation	21,723	18,902	42,795	36,540
Other operating expenses, including provisions for losses on loans based on estimated five-year average loss experience (note)	37,288	33,197	75,699	63,525
Total expenses	462,960	388,458	905,816	825,529
Balance of revenue	66,750	60,614	140,980	113,051
Provision for income taxes relating thereto	31,000	30,800	66,500	58,100
Balance of revenue after taxes (note)	35,750	29,814	74,480	54,951
Per share	1.03	86¢	2.14	1.58
Dividends declared	11,149	9,755	22,298	19,510
Per share	32¢	28¢	64¢	56¢

NOTE: In addition to the provision for losses included in other operating expenses, an appropriation is made out of earnings at each year-end to provide for losses not yet known which may be incurred on realization of existing loans, together with possible losses on securities and other assets. The amount of such appropriation, which must be taken into account in arriving at Balance of Profits, has not been provided for in the interim financial statements and will be determined at the end of the year.

BALANCE SHEET HIGHLIGHTS

(in millions of dollars)

	As at April 30		% Increase
	1976	1975	
Total assets	\$24,534	\$20,210	21
Total loans	15,193	12,420	22
Deposits			
In Canadian dollars	16,114	13,947	16
In foreign currencies (Canadian dollar equivalent)	6,297	4,350	45
Total deposits	22,411	18,297	22

The interim figures shown in this Statement are subject to year-end adjustment and audit.